

before us for quite a number of days and some of us may have forgotten the import of it. I would remind you that the six percent factor was placed into law in 1913. That probably was a high factor for 1913 and I would also remind you that forty states today have insurance companies with the privilege of eight percent on the premium if you borrow against it. I do not think it's out of line. I would also remind you that another benefit that may derive to us as a citizen of this state, we might get lower premium rates on our policies as well, particularly in case of the mutuals. So therefore I would suggest to you it isn't the companies being selfish. I think they're only trying to be able to operate on a margin today which is probably good for business and good for us total. When I buy a policy tomorrow from Northwestern Mutual I'm going to know it's eight percent if I borrow against it, but I also know that the six I now have, I can borrow at six percent. I'm merely saying to you, I don't think the insurance companies are trying to gouge individuals. I'm merely saying to you that they are in business and they do have to keep that business so it is indeed a sound business for the welfare of the constituents and their clients. I would not accept Senator Dworak's amendment because I don't think it does anything to the bill. We either take it as is, six or eight, or leave it at six and go home. But this is a background, this piece of legislation, and I have no feeling one way or the other for it, but I think you should look at the facts and not make decisions based upon what you think may be excessive interest rates as opposed to what your bank charges you or an S. & L. or anyone else where you try to get a loan today. Thank you.

PRESIDENT: Senator Keyes.

SENATOR KEYES: Well, Mr. Speaker, some of what Jerry Koch said is true and some of it is leading me to believe that some people probably understand insurance and understand taxes, but there are two kinds of taxes on the insurance companies. There is a premium tax and the income tax and an insurance company pays the greater of the two but they combine them together, so if we increase the income of an insurance company it's only going to do one thing. It's going to say that the stockholders will get more money and that the income tax will be higher but the income tax is paid by the premium tax. There are very few insurance companies that have more income tax to pay than they have premium tax so the premium tax will be the one that will pick up the money. So as you go across this, remember one thing. When you start taxing insurance companies, you've got one whale of a job on your hands and if you think that two percent interest that they're going to get extra money is going to bring the state some revenue, you're mistaken.

PRESIDENT: Senator Cope.

SENATOR COPE: Mr. President, members, I would oppose this amendment simply because it's going to create just double the amount of work for an insurance company, I think, without any particular results. I think everyone should bear in mind that this bill will not affect policies issued before the effective date. In other words, I have an insurance company I can borrow at six percent on any policies that I have. If I buy a policy after this bill should go in effect, then I know I'm going to pay eight percent on